



people
make the
difference

People Make The Difference whitepaper

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Are business leaders too scared to fail?

It's the mantra of most start-ups – 'fail fast, fail often'. And for start-ups, it's a great mantra because the very act of creating a start-up is filled with risk. But what about established businesses, with investors, shareholders and quarterly earnings targets to achieve? What's the role for risk in these businesses and how can leaders negotiate this terrain?

Why risk is good

I'm not going to try to tell you that failure is pleasant – nobody likes to fail. But as IBM's Thomas Watson, Sr once said, "The fastest way to succeed is to double your failure rate."

As a leader, you can't let the *fear of failing* stop you from taking risks. Risks are an essential part of business; taking risks drives innovation. You can't make new products or introduce game-changing processes without an element of risk. Taking no risks will ultimately make your business stale, competitors will start to impact your market share and you can potentially lose the loyalty of customers and employees.

This was a lesson I had to help my team learn when I relocated to Japan. The Japanese operation needed to step up its performance and meet the company's expectations for growth. I had to encourage my team members to be prepared to try new things and to know that it was okay if not everything we tried was successful. The team learnt that it was more important to take the risk and not have it work, than to take no risk at all and maintain the status quo.

How can leaders make better risk assessments?

True leaders understand their business and have a good feeling for their team and their customers. They can match data with gut feel to take wise risks. Combine this with solid

emotional intelligence (EQ) and you have a winning formula: Data + gut instinct + EQ = good risk taking behaviour.

Emotional intelligence is an important element in risk taking, as an understanding of our emotions – and the causes behind them – helps to provide a filter for our instincts. For example, your gut might be telling you that you're nervous about a business decision. But in reality, your anxiety is being triggered by the presentation to the board you need to make that afternoon. By developing your EQ, you can not only better recognise and name your emotions, but also identify the true triggers for those feelings.

Equally, if the data that you have points to a certain decision but your gut is telling you that something is not right, by harnessing your EQ you can have the confidence to investigate that reluctance and make a call that aligns with your values and instincts. We'll discuss how to tune into your gut instinct more in a future article.

Bouncing back – What to do when new ideas and approaches fall flat

Sometimes, in business and in life, we take risks that don't pay off. As a leader, it's important to be honest and upfront about the risks that don't work out – and take the time to both understand what the reasons were for the failure and ensure that is appropriately communicated to your team. Vulnerability and transparency are important attributes for super leaders to develop. By allowing yourself to be open, you give your team members the space they need to take their own considered risks.

As Farson and Keyes write in [Harvard Business Review](#), failure is not the opposite of success – it is its complement. Understanding and embracing that dynamic, together with leadership that seeks to learn rather than blame, will help you and your team to feel comfortable with making decisions that might not feel like the safe choice.

Do you need help in embracing risk and getting over your fear of failure? Do your actions when your team stumbles match your words? At People Make The Difference, our leadership coaching can help you to develop your EQ, learn to trust your instincts and empower you to make decisions with confidence. To find out more about our training and coaching services, visit www.peoplesmakethedifference.com.au or call +61 412 333 415.